



# EMPLOYER

## California Public Employees' Retirement System

# NEWS

## Aging of the Baby Boom Generation & the Need for Succession Planning in the Public Sector

Due to their sheer size, Baby Boomers (the generation born between 1946 and 1964) have had a tremendous impact on American institutions throughout the course of their lives. Now that they are reaching retirement age, experts predict that their exodus from the workforce will place a significant strain on employers.

Public-sector employers will likely confront this phenomenon sooner, and to a greater extent, than their private-sector counterparts. In part, this is because public employees tend to be older. While the percentage of U.S.

workers over the age of 45 is expected to increase across all occupations to 40 percent in 2008, a dramatic 59 percent of U.S. workers in the category of "public administration" were over 45 in 1998.<sup>1</sup>

The outlook for CalPERS members is similar. The table below illustrates in the year 2000 (with the exception of the California Highway Patrol), all state and school member categories had a percentage of active members older than 45 years of age that exceeded the 1998 average of 34 percent for all occupations in the U.S.

Compounding the problem for public employers is the fact that public employees also tend to retire earlier. A primary reason for this is that approximately 90 percent of all public employees in the U.S. are covered by defined benefit plans that generally provide little incentive to keep working much beyond the age of 60.<sup>2</sup> Indeed, a recent longitudinal study of workers who were between the ages of 55 and 61 in 1992 found that by 1996, 43 percent of those who participated in a defined benefit plan had stopped working compared to only 33 percent of those covered solely by defined contribution plans.<sup>3</sup>

**Percentage of Active CalPERS State and School Members Over the Age of 45 (As of June 30, 2000)**

Member Category	Percentage of Active Members over 45 Years of Age
State Safety	63.53%
State Misc. Tier 1	60.46%
<b>U.S. Average for Public Administration (1998)*</b>	<b>59.00%</b>
Schools	55.60%
State Industrial Tiers 1 & 2	47.28%
State Misc. Tier 2	35.76%
State Peace Officers and Firefighters	34.52%
<b>U.S. Average for all Occupations (1998)</b>	<b>34.00%</b>
California Highway Patrol	29.60%

Consistent with this trend, the average age of retirement for CalPERS members in the year 2000 — just over 60 years old — was lower than the national average of just over 62.<sup>4</sup> Moreover, the percentage of new CalPERS service retirees under the age of 61 increased from 42 percent in FY 1990/1991 to 45 percent in 1995/1996 and to 55 percent in 2000/2001.<sup>5</sup>

**Aging of the Baby Boom—  
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## Aging of the Baby Boom— Continued from page 1

### Succession Planning

Because public employees tend to be older and retire earlier, it is crucial for employers in the public sector to develop strategies to replace key workers. CalPERS recently embarked on a succession planning effort it defines as “a planned effort designed to ensure the continued effective performance of the organization through the development, replacement, and strategic application of key people over time.”

Although there is no one-size-fits-all approach, the following guidelines were gleaned from a number of articles on the topic of succession planning.

1. Succession planning should begin with an assessment of an organization's critical needs. It is not necessary to develop a succession plan for every position in an organization. A careful assessment can identify crucial leadership positions most at risk of becoming vacant, that would cause the most disruption if vacant, and that would be most difficult to fill with qualified persons.
2. Succession plans should be tailored to the specific needs of various positions within the organization. Depending on the type of position and the availability of qualified workers in the job market, it may be more effective to develop plans to retain older workers, to groom younger workers for the position, or to recruit from outside.
3. Succession planning should focus on developing and retaining critical knowledge and skills, not just replacing employees.
4. Succession planning should be integral to an organization's strategic planning process. A strategic plan is incomplete if it focuses on an organization's development and growth but neglects to explain how the leadership necessary to meet strategic objectives will be sustained over time.
5. Succession planning should be an ongoing activity. To be successful, a succession plan must be modified and updated regularly as the goals and objectives, workforce, operating environment, and critical needs of an organization change over time.

For more information, a useful resource is the U.S. Office of Personnel Management. The website [www.opm.gov](http://www.opm.gov) includes information about the aging of the workforce and the need for succession planning and advertises their succession planning services for state and local governments.



## EMPLOYER N E W S

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<sup>1</sup> Dohm, Arlene. 2000. "Gauging the Labor Force Effects of Retiring Baby-Boomers." *Monthly Labor Review*, July 2000, p. 17.

<sup>2</sup> Purcell, Patrick J. 2000. "Older Workers: Employment and Retirement Trends." *Monthly Labor Review*, October, 2000, p. 22. And Herz, Diane E. 1995. "Work After Early Retirement: An Increasing Trend among Men." *Monthly Labor Review*, April 1995, p. 17.

<sup>3</sup> Quinn, Joseph, Richard Burkhauser, Kevin Cahill and Robert Weathers. 1998. "Micro Econometric Analysis of the Retirement Decision: United States." Economics Department Working Papers No. 203 (Organization for Economic Co-operation and Development, July 1, 1998), p. 19.

<sup>4</sup> "Public Employees: Educated, Aging and Retiring Early." *Controller's Quarterly*, Fall 2001. California State Controller's Office, p. 9.

<sup>5</sup> Data comes from CalPERS Actuarial Valuation System. Sharp increase of younger retirees in FY 2000/2001 may be due to enhanced retirement benefit formulas that took effect January 2000.

***“Regional pricing levels the playing field so CalPERS is better able to compete with regional health care providers and continue our support of the health care needs of contracting agency employees.”***



## Health Benefits Regional Pricing for Public Agencies & Schools

For the first time, CalPERS will implement Regional Pricing for contracting agencies in 2005. Regional Pricing adjusts health premiums to reflect the actual cost of health care for each region. Under Regional Pricing, CalPERS divides the state into four geographic regions, and one out-of-state region. The five regions are:

1. *Bay Area/Sacramento* region which includes Alameda, Amador, Contra Costa, El Dorado, Marin, Napa, Nevada, Placer, Sacramento, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Sutter, Yolo, Yuba counties.
2. *Los Angeles* region which includes Los Angeles, San Bernardino and Ventura counties.
3. *Other Southern California* region which includes Fresno, Imperial, Inyo, Kern, Kings, Madera, Riverside, Orange, San Diego, San Luis Obispo, Santa Barbara, and Tulare counties.
4. *Other Northern California* region which includes Alpine, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Plumas, San Benito, Shasta, Sierra, Siskiyou, Stanislaus, Tehama, Trinity, and Tuolumne counties.
5. *Out-of-State* region

The new health premiums only affect active employees and retirees of contracting public agencies and schools who enroll in the Basic health plans. Regional Pricing does not affect state employees or state retirees. Pricing varies by plan among the five geographic regions.

Regional pricing levels the playing field so that CalPERS is better able to compete with regional health care providers and continue our support of the health care needs of contracting agency employees. Active contracting agency employees may be able to further reduce their health care costs by using a Board-approved option of listing either their home or work ZIP code for enrollment purposes. If the regional rate is lower in one location and they will primarily utilize health care services in the lower cost ZIP code area, then employees have the option of enrolling in that lower cost region.

## Blue Shield/CalPERS Hospital Network Changes: What's at Stake for Employers

Health care analysts have been projecting premium increases ranging in the low double-digits for U.S. employers in 2005. The good news — your CalPERS health program beat some of those projections, in part, through new cost restraints emerging from a fierce battle over hospital prices.

No employer can be overjoyed about health costs that are rising at least four times faster than the U.S. rate of inflation. However, health care is costing CalPERS employers and members \$45 million less in 2005 because the Board approved excluding some high-cost hospitals from the Blue Shield/CalPERS provider network.

The **Sacramento Bee** said in a July 9 editorial that if the network change didn't go forward, "CalPERS will lose any negotiating leverage it has with a major hospital/doctor chain. The group will be able to demand higher and higher prices, and CalPERS will have no choice but to pay. This will either eat up more of the state budget or of the paychecks for state and local employees who depend on CalPERS for health care."

Compare this scenario to a garage charging you twice as much for a tune-up than what it costs in another shop down the street. You decide to take your business elsewhere and cross that high-priced shop off your list.

That's what we did by excluding 24 hospitals from the many other facilities that will continue to serve CalPERS Blue Shield members in 2005. On August 6, the Department of Managed

Health Care approved the Blue Shield network, confirming that the new network will provide members with appropriate access to care.

### Few Negotiating Alternatives

Other options to restrain hospital costs were either rejected by Sutter Health, which had the biggest stake in the network change, or were shelved by CalPERS because they offered too little savings.

The Blue Shield/CalPERS hospital network change is a key factor in restraining cost trends. State premiums for our Basic health maintenance organizations (HMOs) plans will rise by an average of 11.4 percent in 2005. By contrast, health care consulting firm Hewitt Associates reports that other U.S. employers will see premium increases approaching 14 percent next year.

CalPERS is doing even better at cost control than that comparison suggests. Unlike many other purchasers, we aren't restraining costs by trimming benefits and hiking member co-payments. For example, Hewitt says the percentage of employers offering \$10 office visit copays dropped from 58 percent in 2002 to only 29 percent in 2004. We're still at \$10.

### Enrollee Options

The decision to create an exclusive Blue Shield/CalPERS network in 2005 will affect 46,000 Blue Shield CalPERS enrollees, many of whom have doctors who admit exclusively to Sutter hospitals. Blue Shield Medicare plan members are not affected by the network changes, except for those with Sutter doctors.

Members value their relationship with their doctor, so these network changes are very unsettling to those who must change doctors. However, employers can assure affected members that they still have a number of options:

- Remain with Blue Shield and choose another personal physician.
- Consider moving to another HMO (Kaiser or Western Health Advantage) if available in their area, although they still must choose another primary care physician.
- Move to one of CalPERS preferred provider organization (PPO) plans — PERS Choice or PERSCare — in order to remain with their current physician.

The difference between the monthly premiums for PERS Choice and HMO plans has narrowed significantly for 2005. Basic plan members will find PERS Choice premiums competitive with Blue Shield's Basic plan rates, although the PPO has an annual deductible, co-insurance, and a cap on out-of-pocket spending.

Medicare plan members who decide to switch to PERS Choice not only will have monthly premiums quite close to HMO premiums, but also will have no deductibles or co-insurance on most services.

Members who want to stay with Blue Shield can get plenty of help with choosing a new provider. They can call Blue Shield's dedicated Member Services Unit for CalPERS at **(800) 334-5847** or log onto the plan's Web site at [www.mylifepath.com](http://www.mylifepath.com). The plan will also offer "transition stations" for in-person

assistance at certain employer locations. Blue Shield will send letters to affected members with customized information about their provider options and available transition assistance.

### 2005 Premium Picture

Overall, spending for all health services to our 1.2 million enrollees will increase by 7.3 percent next year. Our estimated price tag for employee health benefits in 2005 is \$4 billion.

Blue Shield's Basic plan rates will rise by 12.6 percent for State members and fall by 10.1 percent for all enrollees in its Medicare supplemental program. Kaiser's Basic plan premiums will go up 9.9 percent and fall by 11.2 percent for Medicare. Western Health Advantage's Basic plan premiums will increase 15 percent and remain unchanged for Medicare.

Basic plan rates will rise by 4.8 percent for PERS Choice and 12.7 percent for PERSCare. PERS Choice Medicare premiums will decline

by 8.5 percent and those for PERSCare by 13.9 percent.

Providing health benefits is not just about premiums. It's also about staying with a dependable big ship like CalPERS, rather than weathering the healthcare "storm" in a rowboat. Most agencies trust our ship's direction because they are counting on CalPERS to continue our long record of providing affordable, quality health care and stellar customer service.

## Social Security Protection Act of 2004 (H.R. 743)

On March 2, 2004, President Bush signed House of Representatives Bill 743 (H.R. 743), the Social Security Protection Act of 2004, into law. Section 419(c) of H.R. 743 provides that any individual entering employment on or after January 1, 2005, in a position not subject to Social Security, be provided a written notice explaining the maximum affect not being subject to Social Security may have on the calculation of the primary insurance amounts and on the benefit amounts of monthly periodic payments or benefits.

The Social Security Administration (SSA) will develop a notice "in language calculated to be understood by the average individual." The written notice provided to the individuals is to

include a form for the individuals to complete and sign certifying receipt of the notice. Once completed and signed, the notification is to be submitted to the agency and to the retirement system the employing entity provides for its employees.

H.R. 743 is silent as to any reason for the certifications being submitted to the retirement systems, how long the certifications must be retained, or any retrieval capability requirements. We have been in contact with the Social Security Administration and understand that they plan to provide the notification and certification form and instructions to public employers through their website at [www.socialsecurity.com](http://www.socialsecurity.com). Questions should be directed to your local

Social Security office or to the SSA using the web address provided above.

CalPERS will provide any additional information on this topic as it becomes available. To make sure you receive this information and updates on other topics important to California public employers, make sure you sign up to receive CalPERS Broadcast Messages.

To add your name and e-mail address to the Broadcast Message distribution list:

- E-mail your name, title, agency name, and e-mail address to:  
**[Employer\\_Services@CalPERS.ca.gov](mailto:Employer_Services@CalPERS.ca.gov)**,  
or
- Call our Employer Contact Center today at **(888) CalPERS (225-7377)**.

## Kathie Vaughn Appointed Assistant Executive Officer Member & Benefit Services Branch



Kathie Vaughn has been named Assistant Executive Officer (AEO) over the CalPERS Member and Benefit Services Branch (MBSB).

MBSB includes the following six divisions:

- Member Services Division (including all regional offices)
- Benefit Services Division
- Customer Contact Center
- Supplemental Savings Program
- Office of Policy and Program Development
- Branch Development Center

Kathie has worked for CalPERS since 2001 as the Chief of the Member Services Division, which provides service costing, retirement estimates, and a full range of retirement and financial planning education for CalPERS members.

Prior to coming to CalPERS, Kathie served as Benefits Division Chief at the State of California's Department of Personnel Administration (DPA), where she oversaw 18 statewide benefit programs including dental and vision care and the Savings Plus Program.

Kathie took some time out of her busy schedule to answer some questions for our readers.

**Employer News:** What is the most significant issue affecting CalPERS right now?

**Kathie Vaughn:** Obviously, health benefits is a major issue to CalPERS, and our members and employers. Our Board has had to make several difficult decisions to lower the cost of health care. We are going to continue to look for ways to reduce the cost of health care while ensuring that our members receive the best care available.

**Employer News:** What do you see in the future in regards to the Member and Benefit Services Branch interfacing with our employers?

**Kathie Vaughn:** One of my goals is to foster more effective partnerships between Member Benefits and CalPERS employers. In the education area, we've been piloting new, more targeted sessions to specific employers and this has been highly successful. We need to expand these efforts and work across CalPERS divisions to provide more consistent answers to both members and employers. We need employer involvement to reach our diverse and geographically dispersed membership, and to ensure consistent information regardless of how the membership accesses our services.

**Employer News:** What is your role on the Benefits and Program Administration Committee (BPAC)?

**Kathie Vaughn:** Ron Seeling (CalPERS Chief Actuary) and I provide executive level support to BPAC by bringing policy issues and operational updates to the Committee. For example, we assess the impact of legislation on CalPERS members, employers, and staff operations. We alert the Board and BPAC to any significant changes in our service levels or in the resources needed to provide

secure retirement benefits to our members at an affordable cost.

**Employer News:** What do you like to do in your spare time?

**Kathie Vaughn:** I love to travel throughout the U.S. and internationally. I caught the wanderlust while living in Japan for 4 years (1987-91) and visited many places in East Asia and Australia. In the last few years, I've taken tours to Europe, Ireland, and a cruise of the Hawaiian Islands. When I'm home, I like to quilt because it is a tangible and creative outlet, and it makes for great gifts for family and close friends.

**Employer News:** Is there anything else you would like to share with our employers?

**Kathie Vaughn:** In the short time since I assumed the AEO position, I've realized how hard our Member and Benefit Services divisions are working to meet the needs of our members and employers. We have a highly talented team dedicated to retirement operations and customer service. As our work expands with the wave of baby boomers retiring and an ever-changing environment, we will need to approach our work differently to improve our service levels while handling the increased volumes. One of the strategies we are employing is to make more information and self-service tools available on the website; if together we can foster member self-reliance for routine transactions (estimates, service credit, address changes), we can devote staff resources to the more complex situations that need specialized attention.

I look forward to meeting these challenges with all of your help.



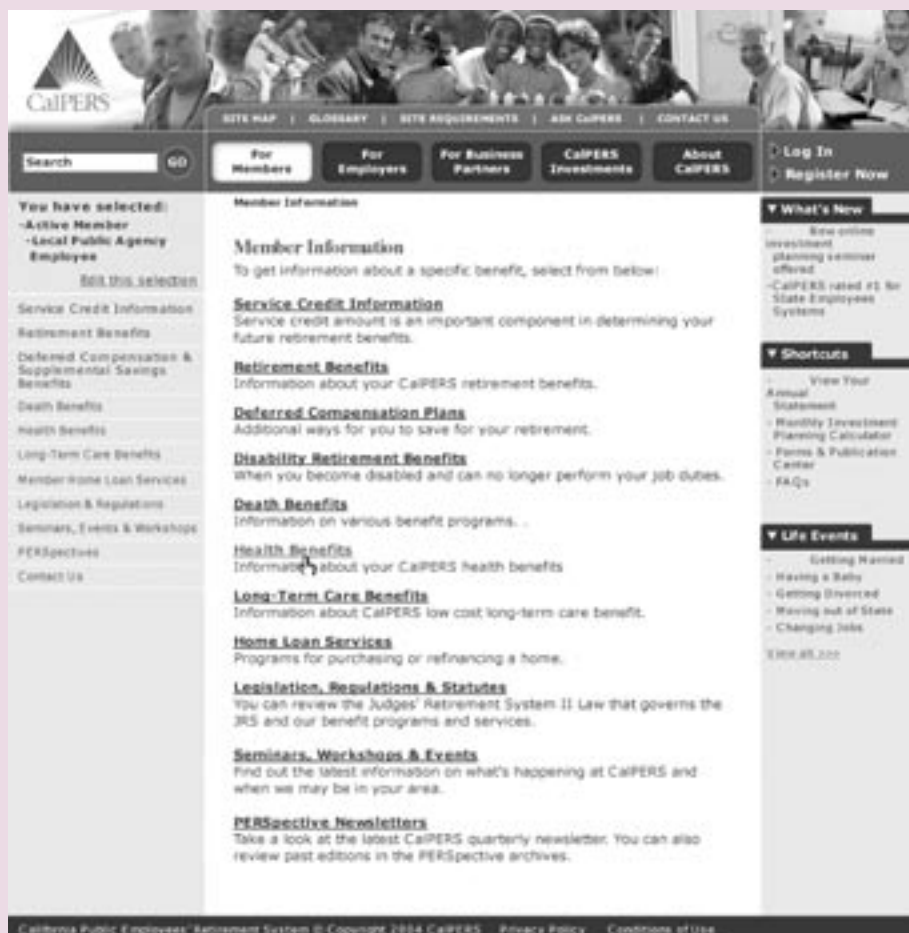
## New Web Tool Can Help Employees Choose a Health Plan

To assist CalPERS health benefit members in making better-informed decisions, CalPERS On-line is their direct link to a new web-based member information and decision support tool.

It is the “**Health Plan Chooser**,” and it's easy to use. To access the Chooser, visit CalPERS On-line at [www.calpers.ca.gov](http://www.calpers.ca.gov), select the “**For Members**” button, choose “**Health Benefits Program**,” and select the shortcut to “**Health Plan Chooser**.”

This site provides useful information on choosing a health plan that best suits your employees and their families. First, users build their personal profile. Second, they use the **Health Plan Chooser** to compare plan costs, quality, services, member doctors, and features. They can rank plans by what matters most to them and their family, and choose a plan that best fits their needs.

Please encourage your employees to visit the new addition to our Web site!



## Workshops Addressing Employer Rate Fluctuation

On September 14, 2004, CalPERS Chief Actuary, Ron Seeling, presented a Board workshop entitled “Addressing Employer Rate Fluctuation.” The workshop included discussions on the causes of rate fluctuations, how asset allocation impacts employer rates differently for each rate plan, as well as traditional and non-traditional ideas for rate stabilization. Board members posed questions regarding such topics as golden handshakes,

Board versus Employer responsibilities, and other questions that will influence future Board decisions.

Realizing that there would be a high level of interest from Employers and other parties on this topic, the presentation was videotaped and is available for viewing on the CalPERS Web site. The presentation slides are also available for download. The entire video

is approximately two hours long, therefore it is broken into segments. We encourage interested parties to download the slides and watch the presentation with the printouts.

A similar workshop will be presented at the upcoming Employer Educational Forum on October 25-27, 2004 in Anaheim. Later this year, educational materials will be distributed to employers and a survey will be conducted.

## Unit Spotlight – The Automated Communication Exchange System (ACES) Unit

The Automated Communications Exchange System (ACES) is the gateway to CalPERS member information and provides an electronic method for employers to transmit health and retirement transactions.

Over 5,000 individuals representing 2,100 employers log on to ACES to submit CalPERS transactions and view member information via ACES. During Fiscal Year 2003/2004 over 130,000 member and 125,500 health transactions were successfully processed through ACES.

Residing in the Actuarial and Employer Services Division (AESD), the ACES Unit oversees the ACES application, administration and communication to employers and carriers.

### Meet the ACES Unit

#### Jill Coe

Jill joined State service in 1993 with Employment Development Department (EDD) in partnership with the Information Technologies Group for eight years. She worked for California State Teachers' Retirement System for a short period and has been the ACES Unit Manager for three years. Overseeing the unit's daily activities and special projects, she also works closely with CalPERS internal and external partners. Jill's first experience with computers was in 1969, and she has enjoyed being involved with the ever-changing technology ever since. Jill has served as the AESD chairperson for the California State Employees Charitable Campaign for three years.



*Back row: Marc Wilson, Mary Saenz, Sherry Lavorico, Bobbie Bailey,  
Front row: Jill Coe, Amy Woodman, Hillary Sunada*

In her spare time, Jill was a beta tester for Quicken 2003 and found it to be quite challenging. She enjoys traveling, camping and attending NASCAR races.

#### Sherry Lavorico

Prior to State service Sherry was employed with Contadina Foods, Inc., in Human Resources for 22 years. She was hired in 1994 as an Office Assistant for the Health Benefits Branch. In 2000, Sherry became an ACES system tester and ACES trainer on behalf of Health Services Branch. In July 2002, she joined the ACES Unit as a Retirement Program Specialist. Sherry handles system administration, ACES Payroll File Transfer, system testing and ensures the training environment is up and running.

Sherry and her husband have three grandchildren — all boys. Although she

admits the boys are a lot of work, she always enjoys their time together.

#### Hillary Sunada

Prior to joining the ACES Unit, Hillary worked in the Health Benefits Branch for eight years. She has been an ACES Health trainer since 2000 and recently joined the ACES Unit in April. In addition to training, she handles training coordination, ACES testing, and is currently writing an internal training guide.

Outside of work, Hillary enjoys spending time with her three-year-old twin niece and nephew. She likes Broadway musicals, movies, Sacramento Kings games, and wine tasting in the Sacramento foothills and Napa Valley.

#### Amy Woodman

Amy began her State career at the Department of Mental Health, first in the Personnel Office,



then with the Early Mental Health Initiative (EMHI) program team. She could not pass up a promotional opportunity to CalPERS in 1997. Amy became the Executive Assistant to the Senior Investment Officer of Global Public Markets in the CalPERS Investment Office. Two years later, she promoted to an analytical assignment in External Equity & International Investments, then Contracts Administration.

In April 2003, Amy joined the ACES Unit. She manages the ACES web pages and ACES Notifications, updates the ACES *User Guide*, and enjoys training employers on ACES.

#### **Bobbie Bailey**

Bobbie's State career started in 1989 with the Board of Equalization. For 10 years she worked with employers to resolve tax bill issues and guided them through the appeals process. Bobbie came to CalPERS in 1999 and worked in the AESD Contracts Unit for four years. Accepting a promotion, she joined the ACES Unit. Bobbie schedules employer training and oversees training coordination. She is also looking forward to conducting training in the future. She is very happy working with such a great team and looks forward to all of the challenges and experiences yet to come!

Bobbie enjoys kayaking, hiking, bicycling and camping with her family. She has also collected antiques for many years.

#### **Mary Saenz**

Mary began her State service with the Department of Food and Agriculture.

Following three years off to be a stay-at-home mom, she worked for State Compensation Insurance Fund, and then the Appeals Board where she worked part-time for six years. Mary worked full-time (once her children were in Jr. High School) with the California Postsecondary Education Commission. Due to extensive budget cuts, Mary set her sights on CalPERS. She began working in the ACES Unit in July 2002. Mary handles ACES administration, issues user accounts and passwords and is the ACES Unit statistician. She is also responsible for ACES information security.

Mary's favorite hobby is spending time with her husband and two sons. She also loves to travel anywhere at anytime and will shop everywhere at anytime.

#### **Marc Wilson**

Marc launched his State career in the Monterey and Salinas EDD field offices, for Unemployment Insurance and Job Service. He worked in various programs over his eight years with EDD. Marc came to the AESD Special Projects Unit in 2002, as Managing Editor of the *Employer News*.

In May of 2004, Marc joined the ACES Unit and now works on strategic planning, training procedures, and outreach efforts. He also looks forward to conducting ACES training.

Outside of work, Marc enjoys spending time with family, playing golf & softball, reading, watching movies, and being involved with local charitable organizations.

## **Updating CalPERS Member Home Mailing Addresses**

CalPERS encourages all members to visit and utilize the CalPERS Web site at **[www.calpers.ca.gov](http://www.calpers.ca.gov)** to obtain a Personal Identity Number (PIN) for easy access to our growing On-line services, including online updating of the home mailing address with CalPERS.

You can also update your employees' home mailing address by submitting CalPERS form, PERS-AESD-1 (Member Action Request), with the member address block updated, or by using the Automated Communications Exchange System (ACES).

## New Regulations Impact CalPERS Medicare Policy

To meet the rising cost of health care for all CalPERS members, on January 15, 2004, the CalPERS Board of Administration adopted emergency regulations to ensure compliance with Public Employees' Medical and Hospital Care Act (PEMHCA) Section 22819, which prohibits Medicare-eligible retirees from remaining in the CalPERS Basic health plan. Health plans increase their costs to CalPERS for providing services that could be covered by Medicare. These fees raise the cost of health care for all. As a result of the adoption of the regulations, CalPERS has implemented an aggressive Medicare coordination process for all Medicare-eligible members.

In June 2004, CalPERS mailed over 8,000 letters to members age 65 and over, retired and enrolled in the Basic health plan. These individuals were asked to provide documentation of their (or their spouse's) enrollment in Medicare or proof of their exemption from the requirement. If they cannot do this, they are required to notify CalPERS of their intent to enroll in Medicare during the next Medicare General Enrollment Period (January 1, 2005–March 31, 2005). Their health care coverage will be terminated, if CalPERS does not receive proof of Medicare enrollment by March 31, 2005.

To date over 6,000 retirees have responded to our request. CalPERS is updating member records but the job is far from over. Additional effort is being spent to respond to the hundreds of inquiries the notification letter has generated. A second letter was released this

summer to ensure members are aware of their obligation to provide documentation in order to retain access to their health care coverage. It is CalPERS desire to ensure that no member be terminated from their health care coverage before we have made every reasonable effort to contact them or their designated caretaker.

In the future, CalPERS will contact members twice before their 65<sup>th</sup> birth month to communicate the requirement to enroll in Medicare and transfer from the CalPERS Basic health plan to a CalPERS Medicare health plan. If documentation of enrollment is not received by the member's 65<sup>th</sup> birth month, the third contact, sent at the beginning of the member's 65<sup>th</sup> birth month, is a health benefits termination notice. The notification timeframe CalPERS uses to contact each retiree is as follows:

- Four months prior to the member's 65<sup>th</sup> birth month
- One month before the member's 65<sup>th</sup> birth month
- At the beginning of the member's 65<sup>th</sup> birth month

During the same time period, the member's health plan will also contact the individual by letter and phone to reinforce the importance of coordinating health benefits with Medicare.

CalPERS is committed to doing its part for employers to provide comprehensive health care coverage for members at the lowest cost available.



## Anne Stausboll Returns to CalPERS in a New Role



Anne Stausboll is the new Assistant Executive Officer (AEO) in our Investment Operations Division. Ms. Stausboll was appointed

in June 2004 to work closely with our senior investment officers to implement investment strategies for real estate, alternative investment, and public market portfolios, including the development of portfolio trade and management systems. She also oversees the search process for external managers, advisors, and pension consultants; coordinates internal investment policy; and represents CalPERS on investment-related legislation at the State and federal levels.

Before coming to CalPERS, Ms. Stausboll was Chief Deputy Treasurer to California State Treasurer, Phil Angelides. As Chief Deputy, she directed the policies, programs, and operations of the State Treasurer's Office, which had more than 200 employees and a budget of more than \$20 million. She also led a team on national corporate reform for the Treasurer's Office, which is responsible for the public investment and cash management functions of the State of California.

Anne Stausboll is no stranger to CalPERS. Prior to serving in the State Treasurer's Office, she worked for six years in the CalPERS Legal Office, including two years as Deputy General Counsel.

Other experience includes work as staff counsel for the California State Employees' Association, Executive Director for the California Comparable Worth Task Force, and as a teacher of legal writing at the University of California, Davis School of Law.

Ms. Stausboll received her Bachelor of Arts degree in English from Oberlin College and her Juris Doctor degree from the University of California, Davis School of Law.

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## New Actuarial Assumptions Impact Service Credit Purchases

The CalPERS Board of Administration adopted new actuarial assumptions in May of 2004. The new assumptions will apply to service credit purchases starting on December 30, 2004.

Some types of service credit purchases are calculated under the present value method; therefore, new actuarial assumptions will impact the cost of purchase. These service credit purchase types include:

- Additional Retirement Service Credit

- Military Service Credit
- Peace Corp/AmeriCorps Service
- Maternity/Paternity
- Sabbatical Leave of Absence
- Educational and Service Leave of Absence

Different actuarial assumptions apply to members in different situations, therefore, it is not possible to anticipate if these changes will result in an increase or

decrease in the cost for a specific member.

In order to assist our members in determining when they should submit their request to purchase service credit to CalPERS, we have updated our Service Credit Cost Estimator on our Web site to provide costs under both the current and new actuarial assumptions. This functionality will be available through December 29, 2004. For more detailed information, visit our Web site located at [www.calpers.ca.gov](http://www.calpers.ca.gov).

## Member Education Opportunities

All eight CalPERS Regional Offices offer seminars and workshops at their offices and off-site facilities throughout California free to your employees!

Do your employees want to learn about:

- Their CalPERS benefits?
- Budgeting?
- Saving?
- Retirement planning?
- Achieving financial security now and for the future?

### Financial Planning Seminars

You can steer them in the right direction! They will even have an opportunity to receive a personalized financial plan.

CalPERS presents two seminars (held from 8:30 a.m. to 3:45 p.m.) to assist employees with planning for their financial future. They can select the one that fits them best based on how many years they are from retirement.

- Achieving Financial Security (AFS) — Designed for members with more than 10 years to retirement.
- Retirement and Estate Planning (REP) — Designed for members who are 10 years or less from retirement.

### Retirement Planning Interactive Workshops

- Retirement Planning Workshop (RPW) — Designed for members who are within five years or less of retirement.

These 2 ½ hour workshops are given throughout California in a small group setting of 20 or fewer participants.

Workshops bring together all the issues a member should know — how retirement benefits are calculated, benefit options at retirement, health benefits, the application process and post retirement issues.

### Registration

Log on to CalPERS On-Line to find a list of available seminars and workshops. Select the seminar or workshop location and date in your area. Register on-line using a Personal Identification Number (PIN) at [www.calpers.ca.gov](http://www.calpers.ca.gov) or call toll free: **(888) CalPERS (225-7377)**.

## CalPERS Migrates to a Central Telephone Prefix

CalPERS telephone prefixes 326, 341, 558, and 658 have migrated to one universal prefix, 795.

**The 795-prefix change pertains to all employees' direct lines, TTY and fax numbers at the CalPERS Headquarters** facility located at 400 P Street in Sacramento, California.

The old numbers will be deactivated December 1, 2004.

We encourage you to continue utilizing our Employer Contact Center (ERCC) via **(888) CalPERS (225-7377)**. The Employer Contact Center is your first point of contact with CalPERS and answers 95 percent of your questions as your first point of contact. If needed, complex calls are escalated to program experts.



## Employer Contact Center – We Heard You

Your responses from the **2002 CalPERS Employer Survey** told us that our existing telephone customer service needed to be upgraded. CalPERS took action and developed a new contact center.

We launched the Employer Contact Center (ERCC) in July of 2003. It provides specialized assistance to our employers in a smooth and efficient manner. Getting where we are today took some development in 2003-04.

The ERCC started with seven trained telephone agents. We have since increased to 16 trained telephone agents, all in an effort to provide faster and better customer service for CalPERS employers.

The additional staff has reduced the length of the average wait time from almost six minutes to less than two minutes. On average, our



*Rodney Robinson, Gloria Garcia, Patrick Asagwara, Lorrie Adame, Yesenia Alcantar, Miguel Gutierrez, Nicole Broyles, Jonnie Dominguez, Tammy Sanchez and Mary Fields*

agents spend seven and a half minutes per telephone call. We have learned that one employer telephone call can result in multiple account questions, therefore employer calls take longer than the average for contact centers.

The ERCC does more than answer questions through incoming calls; we also process employer transactions for health enrollments, online membership enrollments, and Automated Communication Exchange System (ACES) corrections. We contact health plans and other entities to solve problems online with employers. We are also your first point of contact when you send an e-mail using the CalPERS On-Line tool, "Ask CalPERS." It makes sense that our new staff training program is extensive; it takes an average of two months.

### Top Four Reasons Employers Call the ERCC

- #1 Health eligibility and enrollment
- #2 Member account maintenance
- #3 General information
- #4 ACES issues

**Employer Contact Center—  
Continued on page 14**



*Robin Wright, Deena Lopez, Katie Wiley, Ray Jacobs, Velina Jones, Felica Kumar, Cate Husted and Wandra Pitts*



## CalPERS Member Network: Edition 16

### New CalPERS Video Provides Valuable News

CalPERS announces the statewide release of the newest addition to our Member Network video series, "CMN 16." No matter what stage of retirement our members are at, CalPERS has easy and convenient ways to find the information relevant to their specific needs. In this video, we assist members in understanding what resources and retirement planning tools are available and explain how these innovative methods have been designed to help them.

This video includes new changes in our 2005 health care plans and ways members can make their health care dollars go farther. Additionally, you will learn what CalPERS is doing to control the rising cost of hospital care, and how we continue to stay involved in national health care reform.

Pension fund investments are up! We explain how CalPERS earned excess returns of over \$2.8 billion last year. In addition, CalPERS Chief Investment Officer, Mark Anson gives us his insight into the future of the financial markets.

The CMN video series is provided free to all CalPERS members and employers. Employers can use this video as a tool to keep employees informed. If you would like to view or order this video, please visit our Web site at

**[www.calpers.ca.gov](http://www.calpers.ca.gov).**

## REGIONAL OFFICE MOVES

Two CalPERS Regional Offices will be moving to new locations soon:

- The Mountain View Regional Office will be moving to San Jose on November 1, 2004. The San Jose Regional Office will be located at: 181 Metro Drive, Suite 520 San Jose, CA 95110
- The Sacramento Regional Office will be moving to the new "R Street" CalPERS building in Spring of 2005.

### Employer Contact Center— Continued from page 13

Here are a few interesting statistics regarding employer contacts (in summary) for the ERCC's first year in business:

- Total number of calls received: Over 92,000
- Total number of paper and electronic items received: Over 5,700
- Percent of calls answered within 3 minutes: 83%
- Percent of calls closed within the ERCC: 95%

Your feedback is essential to our success. We look forward to hearing from you at the 2004 Employer Forum and during the 2004 Employer Survey. The ERCC continues to plan for additional growth and a bright future assisting you with your CalPERS business needs.

## 2004 Annual Member Statements to be Mailed Soon!

CalPERS will mail Annual Member Statements to active and inactive members' home addresses this November. If CalPERS does not have a current mailing address on file, employers will receive those statements to distribute to their employees. As in 2003, this year's mailing schedule will be staggered by home address ZIP code throughout the month of November 2004.

The 2004 Annual Member Statement includes the member's total CalPERS account balances for contributions and service credit as of June 30, 2004. It also includes the member's retirement benefit information.

The newly revised 2004 Annual Member Statement has been reduced from six pages to four pages for easier reading, and includes updates to information in several areas.

## Events of Interest — October through December 2004

Date	Event	Location
October 11	Holiday — Columbus Day	
15	Performance & Compensation Committee	CalPERS, Auditorium, Sacramento
18	Investment Committee	Southern California
19	Benefits and Program Administration Committee Health Benefits Committee	Southern California
20	Board of Administration	Southern California
25-27	Educational Forum 2004	Hilton Hotel, Anaheim
November 10	School Employer Advisory Committee	CalPERS, Sacramento Regional Office 2750 Gateway Oaks, Room 133
11	Holiday — Veterans' Day	
12	Finance Committee Performance & Compensation Committee	CalPERS, Auditorium, Sacramento
15	Investment Committee	CalPERS, Auditorium, Sacramento
16	Benefits and Program Administration Committee Health Benefits Committee	CalPERS, Auditorium, Sacramento
17	Board of Administration	CalPERS, Auditorium, Sacramento
25-26	Holiday — Thanksgiving	
December 10	Finance Committee, Performance & Compensation Committee Investment Policy Subcommittee	CalPERS, Auditorium, Sacramento
13	Investment Committee	CalPERS, Auditorium, Sacramento
14	Benefits and Program Administration Committee Health Benefits Committee	CalPERS, Auditorium, Sacramento
15	Board of Administration	CalPERS, Auditorium, Sacramento

*Note: Meeting times are announced, when they become available, through Circular Letters and on our Web site. Meetings are subject to change.*

*CalPERS: 400 P Street, Sacramento*

# CalPERS Educational Forum 2004

## "Strong by Design"

Are you registered for CalPERS 2004 Educational Forum? You won't want to miss this year's Forum to be held on October 25-27 at the Anaheim Hilton.

The theme for the 2004 Forum — Strong by Design — acknowledges the strength of our collaboration with you, the employer, and our commitment to designing retirement and health benefit programs that stand the test of time.

Important topics on this year's agenda include Building on the Cargill Decision

and Risk Pooling. Other workshops to be presented include:

- State and Federal Legislation
- Social Security—Governmental Pension Offset, Windfall Elimination Provision & New Requirements for Public Employers
- Floor Plan of School Reporting
- Actuarial Basics

The complete registration package is available on-line at **[www.calpers.ca.gov](http://www.calpers.ca.gov)**.

Call the Forum Hotline at **(916) 795-1264** to find out if there is space available, or email: [calpers\\_conference@calpers.ca.gov](mailto:calpers_conference@calpers.ca.gov).



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